

Industry Trends Spur Big Mobile Ad Spending

Contributed by eMarketer
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New devices and formats boost marketer outlays

US mobile ad spending is set for dramatic growth, with eMarketer forecasting more than \$1.1 billion in spending next year. Although cautious corporate optimism about economic recovery will play a part, growth in 2010 will be spurred primarily by the injection of a new dynamic in the mobile space.

Much of this new dynamic is attributable to the entrance of Google and Apple and the ways both companies have sought to redefine the mobile device and advertising markets.

"Apple and Google have introduced new devices and ad inventory into the marketplace," said Noah Elkin, eMarketer principal analyst and author of the new report "Mobile Advertising and Marketing: Past the Tipping Point." "In so doing, have given mobile advertising new legitimacy, reflected in increased spending estimates from most research firms and investment banks."

Spending projections continue to span a wide range, however, reflecting mobile's status as an emerging channel. eMarketer forecasts spending this year to reach \$743.1 million, up 79% from 2009.

This estimate falls toward the middle of the pack, with 2010 spending forecast as high as \$6.1 billion by Borrell Associates, and as low as \$242 million by the Yankee Group.

eMarketer predicts steeper growth in display spending—"banners, rich media and video"—accompanied by a sharper drop in messaging's share of total mobile ad spending.

"These shifts reflect the evolution of mobile from a channel associated primarily with direct response campaigns to one marketers will increasingly use for branding purposes," said Elkin. "In short, the continued development of devices, browsers and mobile networks, combined with the availability and marketer awareness of richer ad units, will significantly enhance how marketers will be able to use mobile to interact and engage with consumers."

The full report, "Mobile Advertising and Marketing: Past the Tipping Point," also answers these key questions:

- * What is the outlook and growth trajectory for mobile advertising and marketing?

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- * What formats are available to marketers, and which show the most promise?

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- * How is the mobile marketing landscape changing as a result of high-dollar acquisitions by leading technology companies such as Google and Apple?

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